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SUBJECT: THAILAND TOURISM STILL STRONG, BUT WARY OF FURTHER SHOCKS

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¶1. Continuing discussions with tourism industry contacts in the local AMCHAM and the Thailand chapter of the Pacific Asia Travel Association (PATA) since the reftel report indicate that the New Year's Eve bombings in Bangkok have had very little effect on tourism in Thailand to date. Contacts report very few cancellations and solid performance for current bookings. One contact noted that the timing for the U.S. market was fortuitous, with other news items and the holiday season relegating reports of the Bangkok bombs to short columns on inner pages. Some have expressed optimism for a strong year in 2007, while remaining hesitant to speculate on the levels that might have been reached without the adverse publicity generated by the coup and the bombings.

¶2. Despite the rosy picture, contact have also made clear that there will be no further chances for Thailand. Thailand has played its mulligan, as it were: if there are further disturbances like the New Year's Eve bombings tourism in the country will take a big hit. One contact revealed that the U.S.-based organizers he works with on incentive and tour packages have let him know they will stop selling Thailand as a destination if there is more trouble.

¶3. Comment: In the tourism industry Thailand is a strong 'brand' with a well developed infrastructure, and the country remains a popular and relatively safe destination. Nevertheless tourism is a highly competitive sector and further bad publicity is likely to have a significant impact on the industry in Thailand as travelers begin to consider alternative options in the region and globally.

BOYCE